



WIFA

Water Infrastructure Finance Authority  
of Arizona

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## Arizona's Clean Water Revolving Fund



### Draft Intended Use Plan Funding Cycle 2005

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Governor Janet Napolitano  
WIFA Chairman Stephen A. Owens  
WIFA Executive Director Jay R. Spector

*November 2004*

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## EXECUTIVE SUMMARY

The Water Infrastructure Finance Authority of Arizona (WIFA) Board of Directors is pleased to release **Arizona's Clean Water Revolving Fund (CWRF) Intended Use Plan (IUP) for the 2005 funding cycle**. The CWRF IUP describes WIFA's plan to utilize various sources of funds to finance water reclamation, wastewater, and related water quality infrastructure during the 2005 funding cycle from January 1, 2005 through December 31, 2005.

Included as *Exhibit A* of the CWRF IUP is the **2005 Priority List (PL)**. The PL shows communities seeking financial assistance from Arizona's CWRF. At the release of this report, communities throughout Arizona submitted **27 applications requesting \$313,345,357 in financial assistance**.

From January 1, 2005 through December 31, 2005, the WIFA Board of Directors will use the PL as a guide to allocate financial assistance from Arizona's CWRF to communities listed in the PL. Each board meeting, the WIFA Board of Directors may revise the PL and modify the fundable range for construction based on project readiness to proceed and other new information. WIFA staff will post the revised PL on the WIFA Web site ([www.azwifa.gov](http://www.azwifa.gov)).

## SECTION 1: LENDING CAPACITY

During the 2005 funding cycle, the lending capacity of Arizona's CWRP will depend on the:

1. Amount of state contributions to Arizona's CWRP;
2. Amount of federal contributions to Arizona's CWRP;
3. Financing structure needs of communities;
4. Interest rate on the CWRP financial assistance; and
5. WIFA's ability to partner with other funding sources to jointly-finance projects.

Available funding for funding cycle 2005 has increased in comparison to funding cycle 2004 due to WIFA's 2004 bond sale and the proceeds received from that sale.

## SECTION 2: FUNDING SOURCES AND USES

Arizona's CWRP is capitalized by state contributions and by contributions appropriated by the U.S. Congress. Once capitalized, Arizona's CWRP provides, in perpetuity, financial assistance to communities throughout Arizona.

**Through active portfolio and financial management, WIFA's lending capacity could be increased during the funding cycle by leveraging the revolving fund and by issuing water quality bonds.**

During the 2005 funding cycle, Arizona's CWRP will rely on the funding outlined in **Table 1** to provide financial and technical assistance to communities and support WIFA's operations. Each of the intended uses of funding is more fully described after Table 1.

**Table 1: Arizona CWRP Sources and Uses for 2005 Funding Cycle**

	Federal Contributions	State Contributions*	WIFA Loan Accounts	Total
Funding Sources				
Financial Assistance Funds			\$66,681,076	\$66,681,076
2005 Funds	\$5,726,450	\$1,788,372		\$7,514,822
Total Funding Sources	\$5,726,450	\$1,788,372	\$66,681,076	\$74,195,898
Funding Uses				
Financial Assistance	\$5,497,392	\$1,788,372	\$66,681,076	\$73,966,840
Administration	\$229,058			\$229,058
Total Funding Uses	\$5,726,450	\$1,788,372	\$66,681,076	\$74,195,898

**\*State match may be either WIFA bonds or state general fund monies.**

The sources and uses for the 2005 funding cycle shown in Table 1 are based on the President's FY 2005 budget request. Should the final FY 2005 budget be different, the program sources and uses will be adjusted to reflect the appropriated and enacted levels.

**Financial Assistance: \$73,966,840**

WIFA will provide cash funded loans for financial assistance.

**Administration: \$229,058**

WIFA intends to use four percent (4%) of the 2005 federal contributions to offset the costs of administering Arizona's CWRF and assist communities to conceive, develop, expedite, construct, and finance technically sound and sustainable water reclamation, wastewater and related water quality infrastructure.

### **SECTION 3: GOALS**

WIFA adopts an annual strategic plan listing goals, ongoing objectives, and annual objectives. The goals listed below are taken directly from the WIFA 2004-2005 Strategic Plan. For additional detail on goals, ongoing objectives and annual objectives, please request a copy of the 2004-2005 WIFA Strategic Plan from WIFA's Communications Director, (602) 364-1314.

**Goal 1:** Award WIFA's resources in accordance with the needs of Arizona's citizens.

**Goal 2:** Maintain the fiscal integrity of WIFA's funds and assure continuous enhancement for future generations.

**Goal 3:** Facilitate access to and efficiently deliver financial and technical assistance.

**Goal 4:** Coordinate with other funding sources, technical resources, and regulatory authorities, and private sector legal and financial counterparts.

**Goal 5:** Actively pursue a leadership role in water infrastructure finance.

**Goal 6:** Efficiently administer WIFA within a positive work environment.

**Goal 7:** Facilitate and encourage board of directors' involvement in WIFA.

### **SECTION 4: METHOD AND CRITERIA FOR DISTRIBUTING ARIZONA'S CWRF**

**Lending Capacity for 2005 Funding Cycle** – If there are insufficient projects ready to proceed during the 2005 funding cycle, WIFA will apply funds to the FY 2006 funding cycle project priority list. If additional funding becomes available during the fiscal year, WIFA will expand the fundable range of the 2005 funding cycle project priority list.

Each board meeting, the WIFA Board of Directors may update the CWRF PL, fundable range for design and fundable range for construction based on project readiness to proceed, refined

project cost estimates, availability of other funding sources, and other new information affecting the expansion and contraction of the PL and fundable ranges. The WIFA Board of Directors will adopt the updated CWRP PL and fundable ranges at public meetings and will distribute the updates to all CWRP PL applicants and other interested parties via WIFA's Web site.

**Priority List, Exhibit A** – On Wednesday, Oct. 27, 2004, WIFA staff convened a scoring committee including members from the Arizona Department of Environmental Quality, Arizona Department of Water Resources, Arizona Corporation Commission and U.S. Department of Agriculture Rural Development. The committee scored and ranked priority list applications submitted by communities pursuant to WIFA's CWRP award criteria. All eligible applications received appear on the 2005 funding cycle priority list.

**Fundable Range for Design, Exhibit B** – Includes the highest ranking applicants ready to receive design assistance during the funding cycle.

**Fundable Range for Construction, Exhibit C** – Includes the highest ranking applicants ready to receive construction assistance.

**Market Loan Rate** – The WIFA Board of Directors has established a target interest rate ranging between 70 percent and 100 percent of tax-exempt interest or prime rates. The WIFA Board of Directors will set interest rates/subsidies on individual loans pursuant to the:

- ✓ Priority of the project;
- ✓ Local fiscal capacity of the area served by the system requesting assistance; and,
- ✓ Lending capacity of Arizona's CWRP.

Local fiscal capacity will be measured by the area's median household income, user rates and charges, and the community's outstanding debt.

**Binding Commitments** – The WIFA Board of Directors will allocate financial assistance in accordance with CWRP funds available, the CWRP PL, financial assistance requested, a community's financial capacity, and project readiness to proceed.

Once on the CWRP PL, an applicant will submit a project finance application to request financial assistance. WIFA staff will review the project finance application, analyze the applicant's legal, technical, managerial, and financial capability, and provide recommendations to the WIFA Board of Directors. If the WIFA Board of Directors approves an applicant's financial assistance request, WIFA staff will prepare and circulate financial assistance documents to evidence the binding commitment in accordance with applicable federal requirements.

## SECTION 5: PUBLIC REVIEW AND COMMENT

WIFA solicited public review and comment on the draft **2005 CWRF IUP and PL** according to the following schedule of activities:

November 4, 2004	Distribution and Web posting of the draft CWRF IUP and PL to all interested parties.
November 16, 2004	Public Hearing – 1110 West Washington, Room #250, Phoenix, Arizona 85007 10 a.m.
November 23, 2004	Deadline for public comments on the draft CWRF IUP and PL.
December 8, 2004	The WIFA Board of Directors adopts the final CWRF IUP and PL.
January 3, 2005	Final CWRF IUP and PL become effective. Distribution and Web posting of Final CWRF IUP and PL.

## SECTION 6: ASSURANCES

**Files and Records Retention** – WIFA will receive and review project documents from financial assistance applicants. These documents will be filed in official project files maintained by WIFA. The project files and other CWRF records will be made available in accordance with the Arizona public records law.

WIFA will retain the official project files and other CWRF files in accordance with 40 CFR Part 31.

**Expeditious and Timely Expenditures** – In accordance with 40 CFR 35-3135 (d), WIFA will expend CWRF funds in a timely and expeditious manner.

**First Use of Funds** – In accordance with 40 CFR 35-3135 (e), WIFA has satisfied all applicable first use requirements.

**Environmental Review Requirements** – In accordance with 40 CFR 35-3140, WIFA will continue to conduct environmental reviews pursuant to applicable federal and state statutes and rules.



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Exhibit A:

2005 Funding Cycle Priority List

Arizona's Clean Water Revolving Fund

Governor Janet Napolitano  
WIFA Chairman Stephen A. Owens  
WIFA Executive Director Jay R. Spector



**Arizona's Clean Water Revolving Fund**  
**2005 Funding Cycle – Priority List for Clean Water Revolving Fund**  
**November 4, 2004**

<b>Rank</b>	<b>Applicant</b>	<b>Population</b>	<b>Project Title</b>	<b>Project #</b>		<b>Amount Requested</b>	<b>Subsidy Rate Index</b>
1	Lake Havasu City	7,000	Wastewater System Expansion	011	2005	\$ 55,145,645	75%
2	City of Kingman	3,600	Downtown Wastewater Treatment Plant Upgrade	002	2005	\$ 5,530,000	75%
3	Town of Duncan	350	Phase II Sewer Extension, Hunter Estates, McCarty Flats	029	2005	\$ 300,000	70%
4	Town of Taylor	2,700	Sewer Improvements	008	2005	\$ 1,500,000	70%
5	Virgin River	1,680	WW Collection and Treatment Phase I	010	2005	\$ 3,500,000	75%
6	Pima County Wastewater Management Dept.	933,000	Ina Road WPCF: Denitrification	016	2005	\$ 17,000,000	70%
7	Country Roads	2,600	Septic System Removal and Sewer Connection	003	2005	\$ 4,500,000	75%
8	Town of Florence	11,780	WWTP Effluent Reuse	004	2005	\$ 1,000,000	75%
9	City of Kingman	14,000	System Upgrade	007	2005	\$ 9,000,000	75%
10	Town of Clarkdale	1,875	Wastewater Treatment Plant Improvements	005	2005	\$ 6,000,000	80%
11	Pima County Wastewater Management Dept.	933,000	Ina Road Central Plant and Electrical Upgrade	014	2005	\$ 12,000,000	75%
12	Buckskin Sanitary District	2,500	Wastewater System Improvements - Phase II	026	2005	\$ 325,000	75%
13	Buckskin Sanitary District	2,500	Wastewater System Improvements - Phase III	027	2005	\$ 250,000	75%
14	Pima County Wastewater Management Dept.	933,000	Roger Road WWTP Rehabilitation	013	2005	\$ 20,000,000	75%
15	Pima County Wastewater Management Dept.	933,000	New Marana WWTP Expansion	018	2005	\$ 11,464,612	75%
16	Pima County Wastewater Management Dept.	933,000	Santa Cruz Interceptor: Price to Franklin	012	2005	\$ 25,487,500	75%
17	Pima County Wastewater Management Dept.	933,000	Ina Road WPCF: Laboratory and Office Building	022	2005	\$ 9,000,000	75%
18	Pima County Wastewater Management Dept.	933,000	Mount Lemmon Sewage System	017	2005	\$ 7,200,000	75%
19	Tucson Water	408,865	Campbell / Drexel Reclaimed Transmission Main, Phase II	025	2005	\$ 2,500,000	80%
20	Pima County Wastewater Management Dept.	933,000	Tanque Verde Interceptor - Craycroft to Tucson Country Club	021	2005	\$ 8,520,000	80%
21	Pima County Wastewater Management Dept.	933,000	Roger Road WWTP to Ina Road WPCF: Plant Interconnect	019	2005	\$ 23,000,000	80%
22	City of Flagstaff	60,988	Wastewater Improvements	001	2005	\$ 23,100,000	80%

**Arizona's Clean Water Revolving Fund**  
**2005 Funding Cycle – Priority List for Clean Water Revolving Fund**  
**November 4, 2004**

<b>Rank</b>	<b>Applicant</b>	<b>Population</b>	<b>Project Title</b>	<b>Project #</b>		<b>Amount Requested</b>	<b>Subsidy Rate Index</b>
23	Pima County Wastewater Management Dept.	933,000	Water Reclamation Facilities	015	2005	\$ 4,000,000	80%
24	Pima County Wastewater Management Dept.	933,000	Conveyance System Rehabilitation and Repair	020	2005	\$ 15,000,000	80%
25	Pima County Wastewater Management Dept.	933,000	Marana Regional Airport Sewer Connection	023	2005	\$ 2,800,000	80%
26	Pima County Wastewater Management Dept.	933,000	Arivaca Junction WWTF Sewer Extension	024	2005	\$ 422,600	80%
27	City of Phoenix	1,480,187	Sanitary Sewer Replacement and Relief Program	009	2005	\$ 45,000,000	90%
28	Town of Cave Creek	4,100	Wastewater Treatment Plant Expansion	028	2005	\$ 25,000,000	90%
29	Pinetop-Lakeside Sanitary District	15,000	Jacques Marsh Expansion	006	2005	\$ 100,000	85%



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Exhibit B:

2005 Funding Cycle Fundable Range for Design

Arizona's Clean Water Revolving Fund

Governor Janet Napolitano  
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**Arizona's Clean Water Revolving Fund**  
**2005 Funding Cycle – Fundable Range for Design Financial Assistance**  
**November 4, 2004**

<b>Fundable</b>						
<b>Range</b>	<b>Rank</b>	<b>Rank Applicant</b>	<b>Project Title</b>	<b>Project #</b>	<b>Amount Requested</b>	<b>Subsidy Rate Index</b>

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Exhibit C:

2005 Funding Cycle Fundable Range for  
Construction

Arizona's Clean Water Revolving Fund

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**Arizona's Clean Water Revolving Fund**  
**2005 Funding Cycle -- Fundable Range for Construction Financial Assistance**  
**November 4, 2004**

<b>Rank</b>	<b>Applicant</b>	<b>Project Title</b>	<b>Project #</b>		<b>Amount Requested</b>	<b>Subsidy Rate Index</b>
1	Lake Havasu City	Wastewater System Expansion	011	2005	\$ 55,145,645	75%
6	Pima County Wastewater Management Dept.	Ina Road WPCF: Denitrification	016	2005	\$ 17,000,000	70%
7	Country Roads	Septic System Removal and Sewer Connection	003	2005	\$ 4,500,000	75%
8	Town of Florence	WWTP Effluent Reuse	004	2005	\$ 1,000,000	75%
10	Town of Clarkdale	Wastewater Treatment Plant Improvements	005	2005	\$ 6,000,000	80%
11	Pima County Wastewater Management Dept.	Ina Road Central Plant and Electrical Upgrade	014	2005	\$ 12,000,000	75%
12	Buckskin Sanitary District	Wastewater System Improvements - Phase II	026	2005	\$ 325,000	75%
13	Buckskin Sanitary District	Wastewater System Improvements - Phase III	027	2005	\$ 250,000	75%
14	Pima County Wastewater Management Dept.	Roger Road WWTP Rehabilitation	013	2005	\$ 20,000,000	75%
15	Pima County Wastewater Management Dept.	New Marana WWTP Expansion	018	2005	\$ 11,464,612	75%
16	Pima County Wastewater Management Dept.	Santa Cruz Interceptor: Price to Franklin	012	2005	\$ 25,487,500	75%
17	Pima County Wastewater Management Dept.	Ina Road WPCF: Laboratory and Office Building	022	2005	\$ 9,000,000	75%
18	Pima County Wastewater Management Dept.	Mount Lemmon Sewage System	017	2005	\$ 7,200,000	75%
20	Pima County Wastewater Management Dept.	Tanque Verde Interceptor - Craycroft to Tucson Country Club	021	2005	\$ 8,520,000	80%
21	Pima County Wastewater Management Dept.	Roger Road WWTP to Ina Road WPCF: Plant Interconnect	019	2005	\$ 23,000,000	80%
22	City of Flagstaff	Wastewater Improvements	001	2005	\$ 23,100,000	80%
23	Pima County Wastewater Management Dept.	Water Reclamation Facilities	015	2005	\$ 4,000,000	80%
24	Pima County Wastewater Management Dept.	Conveyance System Rehabilitation and Repair	020	2005	\$ 15,000,000	80%
25	Pima County Wastewater Management Dept.	Marana Regional Airport Sewer Connection	023	2005	\$ 2,800,000	80%
26	Pima County Wastewater Management Dept.	Arivaca Junction WWTF Sewer Extension	024	2005	\$ 422,600	80%



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Exhibit D:

Public Review and Comment Summary

Arizona's Clean Water Revolving Fund

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